

United States Bankruptcy Court
Eastern District of New York

IN RE

CASE# 8-19-77656

Clifton Cole

Debtor

----- adv proc. No. 8-20-08256-las

RJ Bruzzano,Jr. , Aldo Ianuzzi,

Carmela Ianuzzi, Daniel O`Connell

Vincent Castanzo, William McNulty,

Richard McGuire, David Dias, Leanard Catalano

Stephen Larosa, Patricia Larosa, Irene Nellie Costa

Against

Clifton Cole

Defendant

Dated 2/1/2021

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X
In re: **CLIFTON COLE**

Case No. **8-19-77656**

Chapter

Debtor.

-----X
RS BRUZZANO JR, ALDO IANUZZI
CARMELLA IANUZZI DANIEL O'CONNELL
VINCENT COSTANZO Plaintiff,
WILLIAM MCNULTY
RICHARD MCQUIRE DAVID DIAS LEONARD CATALANO
STEPHEN LAROSSA against- **PATRICIA LAROSSA, IRENE NEELI COSTA** Adv. Proc. No.

CLIFTON R. COLE Defendant.
-----X

CERTIFICATE OF SERVICE

The undersigned certifies that on **2/2/2021**, a copy of

ANSWER TO ADVERSARY COMPLAINT

(Date of Service/Mailing)

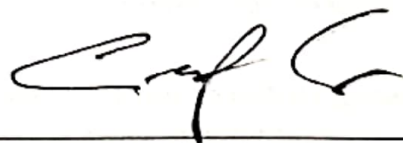
(Title of Document(s) served)

was deposited in an enclosed, properly addressed postage-paid envelope, and served by

(Method of Delivery, e.g., Federal Express Overnight, U.S. Post Office Express Overnight....)

upon the following *[below specify the name and mailing address of each party served]:*

Dated: **2/2/2021**



Signature

Print name: **CLIFTON R. COLE**

Address: **590 RT112 2ND FLOOR**
PORT JEFF STATION NY 11776

Phone: **631-637-1342**

Email: **PRISTINECOLE12AOL.COM**

1) I disclosed all assets on the bankruptcy papers. An asset is a property owned by a person or company regarded as having value and available to meet debts commitments or legacies. There were a few properties that mortgage banker/hard money lenders asked us to remodel under RC Rush (my fathers corporation 100% owned by him) that were financed 110-120% There was a 2% real estate commission earned by my company for listing and selling 2 out of the 4 houses. The commissions = the money earned on all 4 projects was \$17,000 in total As a brokerage commission.

2) I did not open the businesses, Patrick Vertucci opened the 8 corporations or so and did all the banking work while I was at the houses managing the fixing flipping deco choices staging and then (a few years later) the building of the homes.

Patrick who came from a finance background did all the bookkeeping along with our bookkeeper along with his accountant for all 8 corporations. I know we paid in excess of \$200,000 a year towards doing the bookkeeping correctly. We would have quarterly or bi quarterly meetings where he would brief me on where we were with profit/deficit and we would make necessary decisions as there. Every house we renovated and built which I believe was about 250 or so since 2010 had detailed records that were provided to all attorneys as each file is about 1.5 inches thick. Every expenditure was also logged through quick books for every investor and every house. Every one received there 1099's.

3) I was only adding funds from my Real estate brokerage that I have had 100% ownership in since 2009. I had stopped paying my own mortgage on My house that I had lived in with my family that I had built in 2003 and lived in with my wife and kids for the prior 13 years so that I can finish a large amount of houses that we were in process of finishing as there was \$1,500,000-\$2,000,000 of equity waiting to be liquidated . I was not intermingling funds that were not there. There were losses realized but were also equity in those houses that when finished without a few investors fraudulently clouding of title and preventing sales closings for investor paybacks.

4) My income was listed properly. It changes from year to year as I own a real estate brokerage and there are underlying factors that cause change in salaries from year to year. I practically donated my whole salary to the cause of finishing houses and paying investors with my salary whome had there monies tied into the houses that we couldn't cash out of. My role also has changed due to being stuck in this situation.

5) I didn't receive any closing statements for any house closings until Patrick walked away from the debt in 2015. The attorneys he used were his people, the accountant he used was his friend as well, the bankers hedge funds and hard money guys we used were all his connections. I was in the field finding bidding and designing the products. That was a full time 12 hour a day job at the level we were flipping and building houses. I did not have access to the check books if I had to write a check out miscellaneously because someone walked in to get paid while he was not there I would write the check make a copy and leave it on his chair to log it in or the bookkeeper would write the check.

6) I gave every document that was in our storage facility. Prior to Patrick showing up in my office in 2009 and initiating us starting the flipping and developing all I did for a living since I was 19 was sell houses as a real estate broker. I thought in a partnership one partner handles certain parts of the business while the other handles other parts of the business. Im guilty of trusting in the process. I wasn't college educated but I was a serious workaholic who loved to help people

make there dreams come true. At 19 years old I got married and bought my 1st home all in the same year as I spent 2 years in management at night in UPS right out of high while doing the real estate during the day. At 23 I sold that for a profit and bought another house that we lived in for 5 years while a practically paid it off in 5 years and bought the structure of our family compound for myself wife father-in-law and mother and kids for \$750,000 initially without a mortgage. I had to get a mortgage to finish the inside. In 1999 I was awarded the #1 top salesperson of the entire real estate company consisting of 500 people of 15 offices, in 2003 I opened my real estate office where I had more than 50 agents at that time, in 2012 or 2013 I was recognized as top 3 realtor in Eastern New York based on my sales production.

I failed miserably by changing my course when Patrick came into my offices while I was out showing houses my wife and I were fond of our past friendship with him and his wife back from our high school days. He took his real estate course and received his real estate license. After a few months after seeing opportunity, he sold me on doing flips together and being his background in finance He and his accountant new how to structure the company to get cheap cheap money to invest with. We started out paying 14% 4 points but the profit margin on the flips were so high initially it all worked . He got the rates down eventually to 10-11% with 2 points but maintained we were another tax filing away from getting 3% money. I allowed my brain to open to the concept that he and his financier buddies sold me on of becoming developers. He and his financiers on a bout 6 occasions took me too very large projects to develop that would have required so much knowledge that I just didn't yet have. Though it sounded great I knew I had a lot to learn so I wanted to start off small by purchasing and building individual lots. So we did, bought close to a dozen lots, the 1st 4 or 5 were a success but the time frame of holding land that were paying out interest and were not initially funded up front became a problem as things went south.

- 7) There was illegal clouding of title by a small portion of the investors, preventing timely sales of. Also there were some pre existing mortgages that due to not being able to pay interest rate jumped to 24% which ate away the investor side of principle, there was a number deals killed by the investors squabbling over who gets what on the equity left to no fault of my own. I didn't even charge any commissions on the sale of these properties as I wanted as much transparency and fairness as possible.
- 8) I repaid the investors with the houses that were closing that they were invested in and I also paid investors with moneys I earned. If there was any time that one investor took out another investors portion it was not done without their permission or suggestions. A couple of the investors have been very criminal in their actions towards me as result of me sitting back to do the right thing.
- 9) I did not place any other liens on any properties, another false statement.